

Message Text

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S E C R E T SECTION 1 OF 2 SEOUL 1570

EXDIS

C O R R E C T E D C O P Y T E X T

E. O. 11652: GDS

TAGS: MASS, KS

SUBJECT: KOREAN MODERNIZATION PROGRAM STUDY.

REF: STATE 034897

FOLLOWING ARE EMBASSY COMMENTS KEYED TO TENTATIVE OUTLINE
CONTAINED PARA 2 REFTEL:

1. DIPLOMATIC AND POLITICAL TRENDS IN AND AROUND THE
KOREAN PENINSULA.

A. NORTH- SOUTH ACCOMMODATION.

A. PROBABLE DEVELOPMENTS: FOR FORESEEABLE FUTURE, WE EXPECT
MEADURES MOVEMENT TOWARDS BROADER DIALOGUE AND INCREASED
CONTACTS BETWEEN SOUTH AND NORTH. IN NEAR TERM, BOT SIDES WILL
CONTINUE TO

LOOK FOR EASILY CONTROLLABLE AREAS OF COOPERATION, E. G.,
SPORTS, CULTURE, ECONOMIC EXCHANGES. AS TIME GOES ON, OTHER
AREAS OF COOPERATION WILL BE PROBED. NEITHER SOUTH NOR
NORTH EXPECTS UNIFICATION WITHIN THE FORESEEABLE FUTURE. THE
MAJOR OBJECTIVE IS TO REDUCE CHANCES OF WAR BY REDUCING
TENSION, BUT " ACCOMMODATION," IS PERHAPS NOT THE BEST WORD TO
DESCRIBE THE RELATIONSHIP. EACH SIDE WILL ENGAGE IN INTENSE

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COMPETITION TO EXPLOIT WHAT IT FEELS ARE ITS TACTICAL ADVANTAGES
IN DEALING WITH THE OTHER. EACH WILL ATTEMPT TO MAINTAIN COM-

PLETE CONTROL OF ITS AREA WHILE OPENING THE OTHER SIDE TO ITS INFLUENCE. THIS COMPETITION WILL INEVITABLY PRODUCE CERTAIN LEVELS OF TENSION BUT BOTH SIDES WILL ENDEAVOR TO KEEP IT UNDER CONTROL IN INTEREST OF THE LARGER OBJECTIVE.

2. ELEMENTS THAT MIGHT ALTER TREND.

BOTH REGIMES SEE THE COMMON GOAL OF UNIFICATION (ON IER OWN TERMS) SERVED BY CNTINUING DIALOGUES AND CONTACT. BOTH REGIMES HAVE MADE A STRONG DOMESTIC COMMITMENT TO THIS OBJECTIVE. SETBACKS AND DELAYS ARE BOUND TO OCCUR, BUT ONLY A MAJOR UP-HEAVAL, EITHER DOMESTICALLY OR IN THE INTERNATIONAL SPHERE, COULD BRING A COMPLETE BREAK- OFF IN THE CONTACTS. THE ROKG WISHES TO DEAL WITH THE NORTH FROM A POSITION OF STRENGTH, AND ANY SIGNIFICANT WEAKENING OF ITS POSITION WILL LEAD TO INCREASED CAUTION IN ITS RELATIONS WITH PYONGYANG. THE FUNDAMENTAL ELEMENTS OF ROK STRENGTH, - FIRM LEADERSHIP, POLITICAL STABILITY, MILITARY PREPAREDNESS, AN EXPANDING ECONOMY, AND THE AMERICAN SECURITY GUARANTEE, ARE NOT THREATENED. IN THE INTENSE RIVALRY WITH THE NORTH, HOWEVER, THE ROK WISHES TO PRESERVE ALL ITS ASSESTS, AND IS USING THE " DON' T WEAKEN MY BARGAINING POSITION" ARGUMENT TO PRESERVE FOR AS LONG AS POSSIBLE THE STATUS QUO IN INTS INTERNATIONAL PPOSITION, THE UN PRESENCE AND PRESENT U. S. TROOP STRENGTHS. THERE ARE CLEAR INDICATIONS, HOWEVER, THAT THE ROK EXPECTS CHANGES TO TAKE PLACE IN THESE AREAS AND HAS ALREADY FACOD THESE CHANGES INTO THE POWER EQUATION. IMMINENT RECOGNITION OF THE DPRK BY THE SCANDINAVIAN COUNTRIES, FOR EXAMPLE, HAS HAD NO DISCERNABLE INFLUENCE IN THE ROUND OF COORDINATING COMMITTEE AND RED CROSS TALKS NOW IN PROGRESS.

B. GREAT POWER DISENGAGEMENT:

1. PROBABLE DEVELOPMENTS.

THE DEPARTMENT IS IN A BETTER POSITION TO ASSESS THE TREND OF OVERALL GREAT POWER DEVELOPMENTS IN AREA, BUT WE ASSUME THAT THE TREND WILL CONTINUE TOWARD DETENTE AND RELAX-ATION OF TENSIONS. TODAY, IOREA DOES NOT HAVE THE SAME SIG-NIFICANCE AS A FRONTIER FOR EAST- WEST CONFRONTATION THAT IT DID IN THE PAST AND THE INTERESTS OF THE FOUR GREAT POWERS IN
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NORTHEAST ASIA CLEARLY TRANSCEND THE PENINSULA. THERE IS AN EVOLVING WEB OF CONTACT BETWEEN THE GREAT POWERS WHICH HAS LESSENNED GREATLY THE POSSIBILITY OF A CONFLAGRATION IN KOREA INVOLVING THEM.

II. INTERRELATION OF TRENDS:

MAJOR POWER MOVES TOWARDS DETENTE AND INCREASED CONTACT HAVE HELPED TO BREAK THE SOUTH AND NORTH AWAY FROM

THEIR PREVIOUS POSITION OF MUTUAL ISOLATION AND MILITARY CONFRONTATION. THE CHANGING RELATIONSHIP AMONG THE GREAT POWERS NOT ONLY CREATED A NEW INTERNATIONAL ATMOSPHERE AND SET A STYLE OF DRAMATIC BREAK THROUGH, BUT ALSO STIMULATED THE KOREANS TO TAKE THEIR FUTURE MORE IN THEIR OWN HANDS. PRESIDENT PARK CHUNG-HEE HAS STATED REPEATEDLY THAT HE SEES DANGERS AS WELL AS BENEFITS IN GREAT POWER DETENTE, AND HAS MOVED BOTH DOMESTICALLY AND IN THE FOREIGN FIELD TO ASSERT GREATER KOREAN INITIATIVE AND CONTROL OVER THE FUTURE OF THE PENINSULA.

III. ELEMENTS OF THE U. S. POSITION AND U. S. POLICIES WHICH IMPACT ON MAJOR TRENDS:

A. U. S. FORCE LEVELS IN THE ROK.

THE CONTINUED PRESENCE OF U. S. FORCES IN KOREA HAS BEEN AN IMPORTANT ELEMENT CONTRIBUTING TO A SENSE OF NATIONAL STRENGTH AND SELF-CONFIDENCE WHICH HAS FORMED THE FOUNDATION FOR THE KOREAN DECISION TO PROCEED WITH A DIALOGUE WITH THE NORTH. AS NOTED ABOVE THE ROK WISHES TO PRESERVE ALL OF ITS ASSETS, AND CONTINUES TO REGARD THE AMERICAN TROOP PRESENCE AS AN ESSENTIAL ELEMENT IN ITS STRENGTH. IT IS SIGNIFICANT, HOWEVER, THAT THE DECISION TO OPEN THE DIALOGUE CAME AFTER THE FIRST MAJOR U. S. TROOP WITHDRAWAL. THE ANTICIPATION OF EVENTUAL COMPLETE WITHDRAWAL OF U. S. FORCES AND KOREA'S NEED TO LOOK EVENTUALLY TO ITS OWN RESOURCES ALSO ENCOURAGED THE DECISION TO OPEN THE DIALOGUE AND FIND OTHER WAYS THAN PURE MILITARY CONFRONTATION TO REDUCE THE CHANCES OF WAR. IN A SEEMING PARADOX, OUR MILITARY PRESENCE AND THE PROSPECT OF ITS DEPARTURE BOTH CONTRIBUTED TO THE BREAK-THROUGH.

IN OUR JUDGMENT THE QUESTION OF U. S. FORCE LEVELS IN
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KOREA SHOULD REMAIN UNDER CONTINUING REVIEW. THEIR ROLE IN THE MILITARY EQUATION ON THE GROUND AND IN THE AIR IS BEING TREATED IN THE MILITARY STUDY. IN TERMS OF THE SOUTH-NORTH DIALOGUE, ORDERLY PHASED WITHDRAWALS OF GROUND COMBAT FORCES WOULD NOT, IN OUR VIEW, HAVE AN ADVERSE IMPACT ON THE DIALOGUE.

B. U. S. RELATIONS WITH MAJOR POWERS.

HISTORICAL EXPERIENCE MAKES KOREANS WARY OF BIG POWER DEALINGS, AND U. S. RELATIONS WITH THE OTHER MAJOR ASIAN POWERS, WILL BE SCRUTINIZED CLOSELY FOR THEIR IMPACT ON KOREAN INTERESTS. THE ROK IS PARTICULARLY SUSPICIOUS OF THE JAPANESE, WILL BE JEALOUS OF THE INEVITABLE INCREASING INTIMACY OF U. S.-JAPANESE TIES, AND WILL BE HIGHLY SENSITIVE TO ANYTHING SUGGESTING U. S.-JAPANESE DECISIONS ON KOREA. IF U. S. RELATIONS WITH THE PRC CONTINUE TO DEVELOP,

THE ROK WILL PRESS EFFORTS ALREADY BEING MADE TO OPEN CONTACTS
AND BEGIN TRADE WITH CHINA. OVERTURES TO THE USSR WILL ALSO
CONTINUE.

C. GENERAL STATE OF U. A.- ROK RELATIONS:
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ACTION SS-25

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P R 150552 Z MAR 73
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 6778
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EXDIS

E. O. 11652: GDS
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SUBJECT: KOREAN MODERNIZATION PROGRAM STUDY.

U. S.- ROK RELATIONS ARE NOW GOOD AND SHOULD REMAIN SO.
WE ARE THE ROK'S CLOSEST ALLY AND THE GUARANTOR OF ITS SECURITY.
WE ARE ONE OF ITS LARGEST TRADING PARTNERS AND OUR PL
480 PROGRAM IS A MAJOR SOURCE OF KOREA'S EXTERNAL GRAIN
NEEDS. THE RESERVOIR OF PRO- AMERICAN FEELING IS STILL
HIGH. AT THE SAME TIME, THE ROK IS ADOPTING A MORE INDEPENDENT
ATTITUDE AND MOVING TOWARDS SELF- RELIANCE. THERE ARE POTENTIAL
FRICTION POINTS, E. G., TRADE POLICY, UN POLICY, U. S. FORCE
LEVELS, FUTURE MAP LEVELS AND O& M TRANSFER. THESE ARE THE
CONSEQUENCES OF OUR MATURING RELATIONSHIP IN THE ECONOMIC
AND POLITICAL FIELDS AS WELL AS A REFLECTION OF THE CHANGING
INTERNATIONAL ENVIRONMENT. THEY ARE INEVITABLE AND SHOULD
NOT HAVE AN ADVERSE EFFECT ON SOUTH- NORTH ACCOMMODATION.

D. U. S.- NORTH KOREAN RELATIONS.

IN OUR POLICY AND ACTIONS TOWARD NORTH KOREA, WE
MUST BE CAREFUL TO REMAIN A PACE BEHIND THE ROKG AND TO
CONSULT IN ADVANCE BEFORE TAKING ANY SIGNIFICANT ACTIONS
VIS- A- VIS NORTH KOREA. AS THE SOUTH- NORTH RELATIONSHIP
DEVELOPS WE SHOULD BE PREPARED TO MOVE CAUTIOUSLY OURSELVES
IN ESTABLISHING CONTACTS.

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FOR THE PRESENT, HOWEVER, THE ROKG WOULD BE SUPICIOUS AND DEEPLY RESENTFUL IF WE MOVED QUICKLY IN DEVELOPING TIES WITH THE NORTH. FOR TACTICAL REASONS, WE SHOULD PARTICULARLY AVOID ANY ACTIONS IN THE PERIOD BEFORE NEXT UNGA WHICH WOULD INCREASE PYONGYANG'S PRESTIGE OR INTERNATIONAL ACCEPTABILITY.

E. MODERNIZATION PLAN:

SEPTTEL GIVES OUR VIEWS ON MOD PLAN AND ITS IMPORTANCE IN U. S.- ROK RELATIONS.

IV. IMPACT OF VARIOUS APPROACHES TO THE MODERNIZATION PLAN ON MAJOR TRENDS: NONE OF THE THREE LISTED APPROACHES WOULD SERIOUSLY AFFECT MAJOR TRENDS TOWARD DETENTE IN ASIA AND ON THE PENINSULA.

A. PROGRAM IN WHICH ROK ACCEPTS O& M COSTS AND INVESTMENT ITEMS ARE FUNDED THROUGH FY 75: THIS COURSE WOULD BEST MEET OUR POLITICAL NEEDS AND MILITARY REQUIREMENTS AND, AT SAME TIME, CONTINUE PROCESS OF SHIFTING KOREAN DEFENSE BURDEN TO ROKG. BELIEVE EMBASSY/ COMUSK RECOMMENDED APPROACHES ON MOD PLAN AND O& M TRANSFER CONFORM TO THIS APPROACH.

B. PROGRAM IN WHICH ROK ACCEPTS O& M COSTS BUT FUNDING PROBLEMS NECESSITATE EXTENDING PROGRAM BEYOND FY 75: THIS IS A LESS DESIRABLE APPROACH BUT MAY BE INEVITABLE. ROKG IS ALREADY EXPECTING SOME STRETCH- OUT AND THIS WOULD NOT ADVERSELY AFFECT SOUTH- NORTH ACCOMMODATION UNLESS FY 74 OR FY 75 MAP LEVELS DROPPED SHARPLY FROM CURRENT LEVELS.

C. PROGRAM IN WHICH ROK DOES NOT AGREE TO ACCEPT O& M AND COMPLETION OF PROGRAM IS DELAYED BEYOND FY 75:

COMMENTS ON MOD PLAN STRETCH- OUT ARE CONTAINED IN PARA B ABOVE. O& M QUESTION SHOULD BE CONSIDERED AS A RELATED BUT DISTINCT PROBLEM. ROKG WOULD OBVIOUSLY PREFER THAT WE CONTINUE TO BEAR O& M COSTS AND AVOID DEVOTING MORE OF ITS RESOURCES TO DEFENSE . (PERCENTAGE OF GNP FOR DEFENSE PURPOSES DECLINED IN 1973 BUDGET TO 4.2 PCT OVER 4.5 PCT FOR 1972.) THERE IS, HOWEVER, NO ECONOMIC JUSTIFICATION FOR THE USG TO CONTINUE PROVIDING " O " GRANT ASSISTANCE ALTHOUGH SOME TRANSITION IS NECESSARY TO ALLOW THE ROKG TO MAKE

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BUDGETARY ADJUSTMENTS AND SET UP ALTERNATIVE PROCUREMENT

CHANNELS. OUR O& M TRANSFER RECOMMENDATIONS REFLECT THIS AND WE ASSUME THAT USG DECISION TO TRANSFER REMAINING O& M COSTS WOULD BE FIRM, NOT SUSCEPTIBLE TO REVERSAL. IN THE END, WE BELIEVE ROKG WOULD ACCEPT THIS WITHOUT MAJOR DAMAGE TO OUR BILATERAL RELATIONSHIP OR TO SOUTH- NORTH DIALOGUE, PARTICULARLY IF COUPLED WITH SUBSTANTIAL FULFILLMENT OF "I" PORTION OF MOD PLAN AS WE RECOMMEND. DEPTH OF NEGATIVE ROKG REACTION ON O& M TRANSFER WILL BE RELATED TO ITS ASSESSMENT OF LIKELIHOOD OF USG REVERSING ITS POSITION UNDER PRESSURE.

V. IMPACT OF ARMS LIMITATION AGREEMENTS ON MAJOR TRENDS:

A. NORTH- SOUTH AGREEMENT TO LIMIT EXPANSION/ UPGRADING OF MILITARY FORCES:

A SOUTH- NORTH ARMS LIMITATION AGREEMENT WOULD BE HELPFUL IF IT COULD BE ACHIEVED. HOWEVER, WE DO NOT SEE A BILATERAL ARMS LIMITATION AGREEMENT AS LIKELY IN THE NEAR TERM. YI HU- RAK HAS TOLD US THAT DISCUSSION OF MILITARY MATTERS AND FORCE REDUCTIONS WILL COME AT THE END, NOT AT THE BEGINNING, OF THE PROCESS OF DIALOGUE AND ACCOMMODATION. ANY SUCH AGREEMENTS WOULD THEREFORE LIKELY BE A PRODUCT OF THE NORTH- SOUTH ACCOMMODATION, NOT AN INITIAL STEP TOWARDS THAT GOAL.

B. POSSIBILITY OF ROK NEGOTIATING MUTUAL LIMITATIONS ON BASIS U. S. CURTAILMENT OF MODERNIZATION PROGRAM:

ASSUME DEPARTMENT HAS IN MIND SITUATION IN WHICH U. S. CURTAILMENT OF MOD PLAN WOULD BE LEVER TO FORCE ROK TO REACH ARMS LIMITATION ACCORD WITH NORTH. IN PRESENT SITUATION, IF WE ATTEMPTED TO FORCE ROKG TO ENTER ARMS LIMITATION AGREEMENT WITH NORTH BY THIS DEVICE, IT WOULD BE COUNTERPRODUCTIVE. IN LONGER TERM, AND AS WE INCREASINGLY TRANSFER DEFENSE BURDEN TO ROKG, IT WILL ITSELF BE FORCED TO FACE UP TO THE COSTS OF ITS LARGE MILITARY ESTABLISHMENT. CONSEQUENTLY WE BELIEVE THAT THE ROKG WILL OF ITS OWN ACCORD BECOME MORE CONCERNED OVER THE COSTS OF ITS DEFENSE AND SEEK WAYS TO REDUCE THE BURDEN, POSSIBLY BY SOME LIMITED FORMAL AGREEMENT WITH NORTH WHICH WOULD SIMPLY
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CONFIRM REDUCTIONS WHICH BOTH SIDES FEEL THEY CAN SAFELY UNDERTAKE. FOR THAT TIME FRAME WE SHOULD SERIOUSLY CONSIDER WHAT OUR MAP LEVELS SHOULD BE WITH THESE CONSIDERATIONS IN VIEW. HOWEVER, ANY ATTEMPT OF USG TO FORCE THIS PROCESS NOW WOULD BE PREMATURE AND UNWISE.

C. AGREEMENT OF MAJOR POWER SUPPLIERS TO LIMIT ARMS DELIVERIES TO PENINSULA:

THIS IS A COMPLEX QUESTION INVOLVING PROBLEMS OF MILITARY ASYMMETRY, SAFEGUARD MECHANISMS AND POLICING, U. S. MILITARY PRESENCE AND OTHER CONSIDERATIONS. FOR INSTANCE THERE IS THE SERIOUS QUESTION OF HOW TO STRIKE BALANCE BETWEEN ROK GROUND FORCE SUPERIORITY AND NORTH KOREAN AIR SUPERIORITY.

AT PRESENT TIME BELIEVE ROKG WOULD REACT NEGATIVELY TO ANY BIG POWER AGREEMENT ON ARMS LIMITATION, CHARGING THAT IT LEAVES ROK IN POSITION OF MILITARY INFERIORITY; THAT USG ABANDONING ITS COMMITMENTS; AND THAT KOREA IS ONCE AGAIN PAWN OF GREAT POWERS. CONSEQUENTLY, BELIEVE A FORMAL MAJOR POWER AGREEMENT ON ARMS LIMITATION NOW WOULD COMPLICATE RATHER THAN ASSIST PROCESS OF SOUTH-NORTH ACCOMMODATION. HOWEVER, AS DIALOGUE PROGRESSES AND AS WE MEET OUR MOD PLAN OBJECTIVES, A MAJOR POWER ARMS LIMITATION AGREEMENT MIGHT WELL BE A SIGNIFICANT ELEMENT IN FORMALLY SECURING GREAT POWER DISENGAGEMENT FROM KOREA. IF THEY WERE CONSULTED, OR WERE PARTIES TO THE NEGOTIATIONS, SOUTH AND NORTH KOREA MIGHT WELCOME, OR AT LEAST BETTER ACCEPT, AN AGREEMENT OF THIS KIND.

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